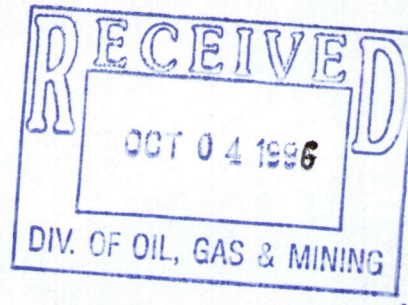


Kennecott Barneys Canyon Mining Company
8200 South 9600 West
P. O. Box 311
Bingham Canyon, UT 84006-0311
(801) 569-7000
FAX (801) 569-7190

M/035/009



Kennecott
Minerals

October 04, 1996

D. Wayne Hedberg
Permit Supervisor
Division of Oil Gas and Mining
1594 West North Temple STE 1210
Salt Lake City, Utah 84114-5801

Dear Wayne:

Please find attached for your review the proposed changes to the Barneys Canyon NOI associated with the East Barneys Canyon Project. We appreciate your departments efforts in meeting with us to ensure we provide you with the appropriate information.

As noted in our earlier discussions the proposed East Barneys Project is small in scale when compared to the total operation. The term of the project is expected to be less than one year. East Barneys is located in close proximity to the existing operational disturbances and is expected to have minimal additional impact on the environment. Since plans dictate placement of the waste from this project into the existing Barneys Canyon Pit no waste dumps will be constructed. Therefore, reclamation costs for the East Barneys project will be minimal and will have no effect on the current surety bond of \$4.6 million. In addition, the reduction of required topsoil in the overall reclamation plan puts the total reclamation costs well below the current bond.

We appreciate the cooperation and timely response we have always received from your department on these permitting issues in the past and are looking forward to working with you to gain approval for the East Barneys Project.

Sincerely

A handwritten signature in dark ink, appearing to read "S. D. Lackey", with a long, sweeping horizontal line extending to the right.

S. D. Lackey
HSEQ Manager